



STAFF AUGMENTATION:

The solution to
business uncertainty

SOITRON*

STAFF AUGMENTATION: THE SOLUTION TO BUSINESS UNCERTAINTY

The year 2016 will go down as one of the most unpredictable ever. With 2017 predicted to be much of the same, most UK businesses are fretting about how their organisation can stave off fluctuations resulting from both political and economic unrest.

This year, it's become best practice to deploy an approach that utilises the core in-house team and brings in relevant and highly-trained support via staff augmentation as a solution to business uncertainty, seasonality and other peaks and troughs. While this approach was previously adopted by businesses looking to reduce costs and control staff expenditure, **staff augmentation usage in 2017 is predicted by various sources to grow between 20 and 30 percent in size.**

By outsourcing IT staff at critical stages throughout the year, businesses are able to bring in resources as and when required to make sure they are maximising both their internal staff and supplier contracts.

While some organisations have adopted insourcing strategies during the past few years, we are seeing that outsourcing is making a strong comeback. With businesses learning from past mistakes, legal protection is becoming much more stringent, as is the setting of industry-wide best practices, the risks associated with outsourcing are negligible these days. Generally speaking, suppliers with poor processes and reputations have been weeded out and eliminated. Thus we are left with a highly sophisticated market where every pound spent counts and KPI's are king.

The big question is how does an organisation assess whether or not staff augmentation is right for them?

In this white paper, you will learn:

- * **The BENEFITS of a staff augmentation strategy**
- * **How to MAXIMISE internal and external RESOURCES**
- * **The IMPORTANCE OF MEASUREMENT**
- * **The RIGHT SUPPLIER**

Introduction

Many of the globe's most successful businesses are utilising staff augmentation to control both sudden and planned changes to their business. Staffing of businesses is highly complex, and to get the right number of people with the right skills base for both the short and long term continues to cause HR departments multiple migraines.

We learned a lot from 2016, and the most important take-away is that nothing can be assumed. This means that for most businesses, their model, objectives and market could change as frequently as the weather. British businesses have been proven to be vulnerable to big political changes such as Brexit or even a single tweet by President Trump.

We are now walking a tight wire and at the mercy of external conditions outside of our control. Add the fact that many businesses are being challenged by the new wave of upstart market disrupters, forcing business leaders to watch over their shoulders for

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disruptive technologies that could potentially make their business redundant with a single click of a button.

When it comes to finding the right people to help manage a specific project, or during peak times, staff augmentation should be a starting point; however, very few organisations actually have a plan in place.

The Staff Augmentation Strategy

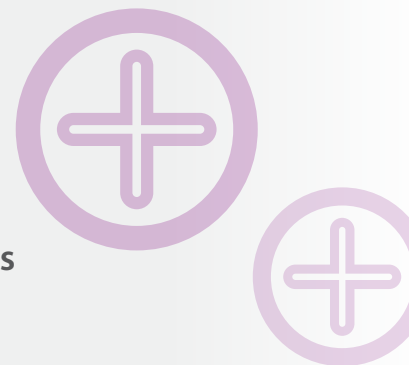
Utilising outsourced IT staff for a specific project is nothing new, but this approach as a solution to business fluctuations and uncertainty is on the increase. However, as a solution to business fluctuation and uncertainty, this approach is on the increase. According to Deloitte, more than half of businesses (51 per cent) claim their need for flexible employment contracts will increase during the next three to five years¹.

Historically, the main driver of staff augmentation has been cost reduction; however, today, **the main driver is efficiency**, to match the right people with the right job. This means that businesses have the flexibility to increase and decrease staff levels according to projects, time of year and of course, instant market conditions.

No longer does staff augmentation mean offshoring work contracted to remote countries where the only criteria is the lowest possible cost. During the past five years, the increase in nearshoring, specifically to the Central and Eastern European region, has resulted in a quality-based proposition that utilises both UK contractors and taps into the wide range of skills available from within the EU. With strong language skills and similar working cultures, this has become a viable alternative to offshoring project work to other continents.

Without doubt, a staff augmentation strategy can:

- * **REMOVE THE CONSTANT BURDEN on precious IT resources**
- * **Introduce NEW SKILLS to the business**
- * **Keep people management and IT COSTS DOWN**
- * **Enable management to BETTER PLAN AND INNOVATE across the business**



The staff augmentation strategy needs to be aligned with multiple parts of a business, but most importantly the overall business strategy.

We have outlined a few tips on how businesses can develop their own staff augmentation strategy and realise the benefits in both the short and long term.

¹ Source: Global Human Capital Trends 2015 Leading in the new world of work, Deloitte 2015

1. Get the most out of your core and external staff

The efficient staff augmentation model begins with understanding your internal skill base and matching it with the company's long-term plans – spanning three to five year's time. This will help to kick-start the process of sourcing the right staff to support the business goals.

Ideally, staff augmentation suppliers need to establish a dedicated HR team to oversee the deployment of their staff and how they work with internal staff. They should also work closely, or even within, your business to assess the skills required to support current and future needs. External staff can also be managed by either the business itself or by the supplier (depending on the scenario). To deliver greater control of staff, HR needs to be managed by the supplier as this will help their activity and progress towards project deliverables.

To maximise the use and efficiency of both internal and external staff, both parties need to work as a single team. **A good working relationship – where everyone understand each other's skills and limitations – makes all the difference.** At the end of the day, the better people know each other, the better they work together.

2. Success Measurements staff

Measurement in the form of key performance indicators (KPIs) is paramount. They ensure that the right people are in place (both internal and external) and that the team is continuously efficient. This is particularly critical for businesses that are experiencing more frequent fluctuations and changes due to market and political conditions.

In 2016, we learnt that the most important criteria in requiring measurements is staff retention; an area in decline, particularly within the IT industry. As such, the success of any project depends on a stable team, and it's important to have on-going visibility and control of any staff fluctuation issues. This will help keep the project on track. In fact, our data reveals that a **motivated and stable augmented team is up to four times more productive than internal staff**, much thanks to combining augmented staff with with a managed service outsourcing strategy, service-based billing and a bestshoring delivery model.

Staff augmentation measurement should be benchmarked against:

- * **The contract's statement of work**
- * **Employees' attendance and skills**
- * **Weekly progress against project plans and deliverables**
- * **On-going staff attrition levels**

Any supplier providing no measurement tools has little commitment to deliver on the project's success. However with the right measurement, organisations can begin to share project risks with their supplier.

3. Choosing the right supplier

A successful team is built on trust and transparency. The importance of a transparent relationship between a business and its supplier cannot be underestimated. This means transparent pricing, contracts and people.

However, finding the right supplier goes beyond transparency; it needs to have the right cultural fit. This is especially true when deploying a bestshoring strategy where outsourced staff are based abroad. Staff should get on with each other, meet together, and ultimately, they must collaborate as a team. Technology is now freely available to help facilitate this new way of working – regardless of the employee's location.

The right supplier should also provide flexibility in their contract, the opportunity to up-skill staff and share knowledge across teams. However any perfect staff augmentation strategy needs to understand that it has to be a collaborative environment, and one that motivates all parties towards a specific outcome.

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The efficiency risks

There are a number of short and long-term risks for not having a staff augmentation strategy in place, but the big one for 2017 is being either understaffed which leads to projects either being delayed or cancelled, or being burdened with staff not having productive work to complete.



Every project has a budget, and as most businesses know, they almost always go over the initial calculated estimates. The unpredictable nature of business these days means that staffing costs are also unpredictable due to a wide variety of external factors. Because organisations tend to struggle to deliver innovative projects on time and on budget, an augmented staff agreement with fixed costs can protect businesses from these external factors.



Business contingency

Regardless of industry, most businesses face the same risks. These include market changes, new competition, IT failures, security breaches and other unforeseen events that cause downtime to operations.

Augmented staffing can counter these risks, assist with contingency planning and give organisations the staffing stability they need to maintain operations – while ensuring business-critical projects remain on track and on budget.

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Staff Augmentation: The Benefits

There are numerous benefits to adopting staff augmentation:

- * Augmented professionals (who specialise in their field) have the technical expertise required to provide an outstanding service
- * Staff which can be increased and decreased as required
- * Tasks can be completed faster and to a higher standard
- * Outsourced staff can give organisations more time to strengthen their core business processes
- * A staff augmentation partner will share the risk and provide the risk analysis required to help better forecast
- * Reduced operational and recruitment costs

However businesses need to understand the risks associated with not finding the right outsourcing partner:

- * Risk of exposing confidential data if a partner is not certified on Quality, Information Security and IT Service Management
- * Risk of over-stretched delivery time frames, sub-standard quality and inappropriate categorisation of responsibilities
- * Lack of transparency around costs could mean you pay more than you expect
- * An augmented member of staff may be outsourced to multiple companies, which dilutes their focus on your business

An evolving relationship

Deploying the staff augmentation model should form part of an evolving strategy to work with like minded suppliers in order to introduce continuous innovation alongside the correct level of staffing support. Good suppliers realise the benefits of flexibility especially when operating in dynamic and volatile marketplaces. While we don't necessarily recommend

continuously changing supplier contracts, terms and conditions need to be highly flexible in order to adjust according to both planned and unplanned business changes.

The best suppliers also offer the ability to transition from a staff augmentation model to a complete managed service, looking after IT assets, procurement and logistics related to PCs, servers, routers and switches. A unique 'pay per action' model, delivered by a near or bestshoring team, will optimise personnel costs and keep organisations in control.

Conclusion

While 2016 laid out a pattern of change and uncertainty, 2017 is the year businesses take control and adjust their model to make sure they continue to grow and thrive no matter what the market and political conditions throw at them.

Remaining competitive depends on so many factors, but at the heart of this remains technology and the people tasked to deliver both a day-to-day service and continuous advancements. **Without the right people, even the simplest of jobs can become fraught with complexities.**

Staff augmentation is proven to be the ideal solution for combating uncertainty, adding flexibility which can ultimately future-proof businesses. Maximising all resources is the end result that can be proven to meet both short and long-term business goals.